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**REPORT OF SUB-COMMITTEE
ON PROGRAMMES AND CONFERENCES**

REPORT OF SUB-COMMITTEE ON PROGRAMMES AND CONFERENCES

A. INTRODUCTION

1. The meeting of the Permanent Representatives Committee (PRC) Sub-Committee on Programmes and Conferences and was held on Monday 14th December 2015 at the African Union (AU) Headquarters.

B. ATTENDANCE

2. The meeting was attended by the following Member States: Algeria, Angola, Botswana, Burkina Faso, Comoros, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Ghana, Kenya, Malawi, Namibia, Rwanda, Senegal, Seychelles, Sierra Leone, South Africa, South Sudan, Tanzania, Tunisia, Uganda, Zambia, and Zimbabwe.

3. The Commission was represented by the Acting Director, Strategic Policy Planning Monitoring and Evaluation and Resource Mobilisation (SPPMERM) and other Directors and representatives from various Departments/Directorates.

C. CONSIDERATION AND ADOPTION OF THE AGENDA

4. The meeting considered and adopted the following agenda:

- a) Welcome Remarks by the Chairperson of the Sub Committee
- b) Adoption of the Agenda
- c) Consideration of the 2017 Budget Framework Paper
- d) Any Other Business

D. OPENING REMARKS

5. The meeting was chaired by His Excellency Mr. Chimango Edward Chirwa, Ambassador of the Republic of Malawi to Ethiopia and Permanent Representative of Malawi to the African Union (AU), in his capacity as Chairperson of the PRC Sub-Committee on Programmes and Conferences. The Chairperson welcomed all Member States and representatives of the Commission and expressed gratitude for their attendance.

6. The Chairperson recalled Executive Council Decision Ex. CL / Dec.877(XXVII), taken during the June 2015 Session, which stresses the need for every January Summit to consider and adopt a report of the sub-committee on Programmes and Conferences before consideration of the budget in the June / July Session.

7. The Chairperson then gave a brief outline on the purpose of the meeting which was to consider the Budget Framework Paper for the year 2017. He explained that the Budget Framework Paper was the first step in the budget preparation process and that

as such it outlines the priorities which form the basis of the budget for a particular year. He, therefore, emphasized that the Budget Framework Paper was an important policy tool that needed thorough and concerted discussion. In this regard, the Chairperson explained that the 2017 Budget Framework Paper presented the priorities around which the 2017 Budget would be formulated.

8. He further recalled that the draft Budget Framework Paper, as per procedure, went through the Internal Budget Committee (IBC) which comprises of representatives from the Commission and Heads of other AU Organs and is chaired by the Deputy Chairperson of the AU Commission. The review meeting of the said IBC took place on 23rd November, 2015. The Chairperson then urged the PRC Sub-Committee members to focus on the priorities and outcomes for 2017, observing that these emanated from the 2014-17 Strategic Plan of the Commission as well as the Agenda 2063 which is the Continental Framework that African Heads of State approved in January 2015 and the First Ten Year Implementation Plan which was also approved in June 2015.

9. He further pointed out that, as per procedure, the recommendations of the Sub-committee meeting would be submitted to the PRC for approval and thereby enable the Commission commence the budgetary process for 2017.

E. CONSIDERATION OF THE 2017 BUDGET FRAMEWORK PAPER (BFP)

10. The Acting Director of Strategic Policy Planning, Monitoring and Evaluation and Resource Mobilisation introduced the Budget Framework Paper and gave the outline of the paper, which consisted of seven parts, as (a) Background and Introduction, (b) Principles of the BFP, (c) Economic, Social and Political Trends, (d) Status of 2015 Budget Implementation, (e) Anticipated Results for 2016, (f) Priorities for 2017, (g) The 2017 Budget, and (h) Managing for Results.

11. He pointed out that the 2017 priorities were informed by the Aspirations in Agenda 2063 and its First 10 Year Implementation Plan, as well as the Decisions of the Assembly and the 2014-2017 Strategic Plan of the AU Commission. The priorities were also backed by evidence of current economic, social and political environment. He gave a brief overview of the economic, social and political trends and outlined the underlying principles for the Budget Framework Paper, which included: Emphasis on results and accountability; value for money; robust accountability and oversight mechanism; the imperativeness of the Alternative Sources of Funding, and the principles of subsidiarity and accountability.

12. The Acting Director, SPPMERM, highlighted key challenges facing the continent, including: the fact that Africa was yet to generate enough resources domestically for sustainable development; challenges of illicit financial flows; migration- with many Africans continuing to flock to Europe in search of better lives, he also talked about challenges of access to energy despite Africa's huge oil, gas and coal reserves (as well as renewable sources of energy) which if tapped could generate enough electricity for the continent; he also talked about insecurity challenges evident in certain

parts of the continent. He then outlined some of the initiatives undertaken by the AU in response to the challenges and some of the achievements made thus far. With this background, he then highlighted key priorities for 2017 in the following thematic areas: Peace and Stability, Good Governance and Human Rights; Agriculture Production, Food and Nutrition Security, Expanded Value Addition and Market Access; Infrastructure Development, Inclusive Economic Development, Industrialization; Human Development; Resource Mobilization, Communication; and Institutional Capacity Building, and Partnerships.

13. He then outlined the assumptions upon which the 2017 Budget would be prepared; and the Budget revenue expectations (expected sources of revenue).

14. Following the presentation, Member States made the following general and specific comments/observations on the paper:

General Comments:

- a) Member States sought clarity on the apparent discrepancy between the Assembly decision on Alternative Sources of Funding (which stipulates that Member States contribution should be increased gradually over 5 years to 100% for operational budget, 75% for programme budget and 25% for peace operations) and the projection made in the BFP that Member States contribution to Programme Budget will reach at least 20% in 2017;
- b) Again in reference to the decision on Alternative Sources of Funding, Member States noted and recommended that the budget assumption and envisaged estimate of 5% contribution by Member States to peace operations in 2017 should be increased to at least 10% in order to attain the target;
- c) Member States noted that the paper put too much emphasis on 2015 and that instead it should put a lot of emphasis on 2017;
- d) Member States also noted the inconsistencies in the statistics provided by the Commission through various Sub-Committees and requested that this be corrected. For instance, the Budget execution rates/ data presented to the PRC Sub Committee on Contributions were different from those contained in the Budget Framework Paper. They, therefore, urged for coherence and requested the Commission to reconcile the data in question and present these in the revised BFP;
- e) Member States also requested the Commission to provide data that was up to date, .i.e. as at end of November 2015. This was mainly in reference to Table 1 (Expenditure by the AU Organs...) under Section 3.1;
- f) In reference to para 3.2, Member States noted that the Commission had highlighted that there was great improvement in Partner funding and that

the Union Institutions failed to optimally utilise resources at their disposal. It was noted that this was in contrast to previous reports by the Commission to the effect that a key implementation challenge faced by the AU was late release of partner funds;

- g) In relation to the above, Member States recalled that in another PRC Sub Committee, they had been informed that Partners were not releasing funds due to failure by the Commission to provide the requisite reports and, therefore, requested clarification from the Commission in this regard. Member States requested for explanations on the low execution rates (as reflected under para 3.1) even though there was a slight improvement compared to 2014;
- h) Member States also noted that the issue of low execution rates was a recurring problem and urged the Commission to come up with concrete strategies/ mechanisms to tackle this issue in the 2017 Budget Framework Paper;
- i) Member States noted that it was rather misleading to state that the 2017 budget will be the second budget after the introduction of the Alternative Sources of Funding since the Alternative Sources of Funding decision has not been implemented yet;
- j) Member States further noted that the statement that “the 2017 Budget will coincide with the Restructuring Exercise of the Union’s Organs as captured in the BFP (para 6.0 (d)) was misleading since the Restructuring exercise was still on-going and there were no definite recommendations yet;
- k) Member States wondered whether the Commission had put in place mechanisms to improve the Monitoring and Evaluation (M&E) function, and emphasized the need to pronounce the accountability mechanisms in the document as part of M&E framework. In this regard, Member States requested the Commission to link with work that was already being done by the subcommittee on Scale of Assessment on the revised Accountability Mechanisms;
- l) Member States also urged the Commission to anticipate the operationalization of the African Standby Force in 2017 and ensure that it is appropriately captured in the Budget Framework Paper and the 2017 Budget.

Specific Comments: Consideration of the Document Section by Section:

- a) On Illicit Financial Flows, Member States reminded the Commission not to include countries that were not members of the African Union as noted in para 2.8;

- b) With regard to the Women Fund, Member States noted that the Commission had received project submissions from women from all over the continent but funds were yet to be released. Member States, therefore, requested that a status report on the issue be provided by the Commission;
- c) In reference to para 3.2, which states that “Partner funding had greatly improved but that the Union institutions failed to live up to the challenge to utilize the resources at their disposal during the first half of the year”- Member States, therefore, wanted to know the problems that led to this and requested the Commission to add a paragraph (in the BFP) to explain this issue;
- d) In reference to para 3.2 again, Member States noted that while the Commission states that Partner funding has improved, there was a decrease in Partners contribution;
- e) Member States urged the Commission to provide current/ up to date data, e.g. figures on arrears under para 3.2 Table 3;
- f) In reference to para 4, on Flagship projects, Member States noted that the paragraph gives the impression that the financing for flagship projects would come from the AU. They therefore, requested the Commission to re-cast the text accordingly and clarify the role of the AU in the implementation of such projects;
- g) Member States also requested that information on flagship projects should be tabulated, depicting the status of the projects, the actual level of implementation of these projects as well as the financing required.
- h) Member States recommended that the 2017 Budget Framework Paper clearly brings out the link/alignment between the 2017 priorities, the 2014-2017 Strategic Plan and the priorities in Agenda 2063 and the First 10 Year Implementation Plan;
- i) In reference to para 6.1 (c), there is a budget assumption that states that “Expenditures previously met with funds from the Reserve Fund are fully incorporated in the budget and assessed on Member States”, Member States wondered how this was going to be applicable;
- j) In reference to para 6.1 (e), Member States suggested that the sentence should be reformulated;
- k) Member States noted that in the Annex, there were sections where ‘Strategies’ were missing in the Matrix given and requested the Commission to fill those gaps accordingly.

F. RESPONSES BY THE COMMISSION

15. The Commission made the following explanations and clarifications:

- a) On the point raised regarding the disconnect between the provisions of the decision on Alternative Sources of Funding and what is contained in the document (BFP) regarding Member States contribution to the 2017 program Budget, the Commission explained that the Decision on Alternative Sources of Funding gives a target of 75% over 5 years, and that the 20% proposed in the BFP was a modest projection given that the current contribution of Member States to the programme budget was currently around 5%;
- b) The Commission agreed to give updated statistics in the revised document (BFP), hence Table 1 under para 3.1 would be updated to give a more current picture of budget execution/ expenditures;
- c) In a related comment, the Commission also agreed to reconcile statistics that were presented to the Committee on Scale of Assessment with what is in the Budget Framework Paper;
- d) Regarding the emphasis on 2015, the Commission explained that this was merely to show an indication of achievements for the period, and to provide background.;
- e) On the issue of Partner funding and the contradictions around the issue, the Commission committed to giving the status of Partner funds, per Quarter and further explained that Partner funds started coming during the month of May, and that this had the effect of overloading the 2nd half of the year and thereby compromising the Commission's programme implementation and budget execution rate. The Commission undertook to continue to engage Partners with a view to appealing to them to release funds early in the year to facilitate implementation. The Commission also informed the meeting that efforts were being made to urge departments to plan and budget according to their capacity to implement as well as timely submission of reports;
- f) The Commission took note of the proposal to increase Member States contribution to Peace Operations to 10%;
- g) On the issue of arrears in Member States assessed contributions, it was suggested that this issue be handled by the relevant PRC Sub Committee but the Commission expressed its appreciation for improvements in this area;
- h) On the discrepancy regarding projections of Africa's growth and the expectation that African countries were likely to face economic difficulties

(Pages 4-5 in the document), the Commission undertook to revise the section accordingly;

- i) With regard to Monitoring and Evaluation, the Commission informed the meeting that it had already initiated a Planning, Monitoring and Evaluation (PME) Review that seeks to improve the Commission's Planning, Monitoring and Evaluation systems, tools and processes. A study was undertaken in this regard and the Commission plans to implement the recommendations there-in and that this would be fully operational during 2017;
- j) The Commission also took note of the comments made on issues of accountability and undertook to recast the relevant section accordingly;
- k) On the status of implementation of the Decision on Alternative Sources of Funding, the Commission stated that the matter was really in Member States hands, and that the relevant information would be sought from the Committee on Scale of Assessment;
- l) On the Restructuring Exercise, the Commission undertook to provide more information in the revised version of the document;
- m) On reconciling the AU's 2017 priorities to Agenda 2063 priorities, the Commission explained that indeed, the two were aligned-giving an example of initiatives like 'Silencing the guns' and others, but the Commission undertook to revise the text (Chapter 1) to ensure that this fact comes out more clearly;
- n) Regarding the Women Fund, the Commission undertook to communicate to the Gender Directorate to provide an update on the issue of funding for projects that were submitted;
- o) The Commission also took note of the comments made on the issue of low utilization of funds available and undertook to resolve the issue;
- p) On implementation of flagship projects and the extent to which the Commission was involved, the Commission explained that its main role was at the planning, policy and advocacy level;

G. RECOMMENDATIONS BY THE SUB COMMITTEE

16. Member States made the following recommendations:

- There was need to highlight the budgetary assumptions on how the programmes and activities around the 2017 theme of the African Union would impact and shape the budget;

- There was need to present accurate and latest statistics in the BFP, especially on the budget execution rates;
- There was need for the Commission to put in place deliberate mechanisms for accelerating execution rates;
- There was need for Member States to increase their contributions to the programme budget as well as the Peace Operations budget;
- There was need for the Commission to accommodate into the BFP the robust and enhanced Accountability mechanisms as proposed by the Ad hoc Ministerial Committee on Scale of Assessment once these are adopted;
- There was need for the BFP to clearly reflect priorities espoused in Agenda 2063;
- The Sub-Committee agreed with the Commission that efforts should be made to replenish the Reserve Fund;
- The Sub-Committee requested the Commission to factor the operationalisation of the African Standby Force (ASF) and its budget implementation into the BFP.'

H. ANY OTHER BUSINESS

- 17.** There was no Any Other Business.

I. CLOSURE OF THE MEETING

- 18.** The Chairperson thanked all Member States for coming and urged that, as per procedure, a follow-up meeting of the Sub-committee would be called to adopt this report before it is presented to the PRC.

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